# LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING SHREVEPORT, LOUISIANA

FINANCIAL STATEMENTS

June 30, 2014

Marsha O. Millican A Professional Accounting Corporation Shreveport, Louisiana

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## Independent Auditor's Report

Board of Directors Louisiana Association on Compulsive Gambling Shreveport, Louisiana

## Report on the Financial Statements

I have audited the accompanying financial statements of Louisiana Association on Compulsive Gambling (a nonprofit organization) which comprise the statement of financial position as of June 30, 2014, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Association on Compulsive Gambling as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Other Information

My audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The schedule of state contracts listed in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. That schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated December 12, 2014 on my consideration of Louisiana Association on Compulsive Gambling's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contract and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Louisiana Association on Compulsive Gambling's internal control over financial reporting and compliance.

Certified Public Accountant

Marsha O. Milhean

December 12, 2014

# Statement of Financial Position

# June 30, 2014

ASSETS CURRENT ASSETS		
Cash and Cash Equivalents	\$	24,337
Grants and Contracts Receivable	0.00	110,716
Olamo and Conducta News, note		
Total Current Assets		135,053
PROPERTY AND EQUIPMENT (NET)		462,117
Total Assets	\$	597,170
LIABILITIES AND NET ASSETS		
Line of Credit Payable	\$	21,000
Accounts Payable and Accrued Expenses		19,585
Compensated Absences Payable		11,202
Deferred Revenue		25,000
Notes Payable - Current Maturities		20,771
Total Current Liabilities		97,558
LONG-TERM LIABILITIES		
Notes Payable - net of Current Portion	80 s	115,284
Total Liabilities	ā S. S	212,842
Net Assets:		
Unrestricted		384,328
Temporarily Restricted		
Total Net Assets		384,328
Total Liabilities and Net Assets	\$	597,170

# Statement of Activities

# For the Year Ended June 30, 2014

SUPPORT AND REVENUE:	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support: Contributions	\$ 143,737	\$ -		\$ 143,737
Total Support	143,737	-	<u> </u>	143,737
Revenues: Client Fees	105,775	<b></b> :	-	105,775
Program Service Fees	1,125,513	221	Maar	1,125,513
Miscellaneous	15,268			15,268
Total Revenues	1,246,556	<b>1</b>		1,246,556
Total Support and Revenue	1,390,293			1,390,293
Net Assets Released from Restrictions: Satisfaction of Usage Restrictions		<u> </u>	F_	
Total Support and Revenue	1,390,293		(iii)	1,390,293
EXPENSES				
Program Expenses	1,164,308	<b>4</b> 1	-	1,164,308
Management and General	168,626			168,626
Total Expenses	1,332,934		·	1,332,934
Change in Net Assets	57,359		(E)	57,359
Net assets, beginning of year	326,969	-	<u> </u>	326,969
Net assets, end of year	\$ 384,328		\$ -	\$ 384,328

# Statement of Functional Expenses

# For the Year Ended June 30, 2014

		IIala I iaa	Intensive	Management	
	CORE	Help Line	Outpatient	and	Tatal
(MITTAL INC.)	CORE	Center	Program	General	Total
Salaries	\$ 235,224	\$ 388,982	\$ 91,271	\$ 100,656	\$ 816,133
Payroll Taxes	18,942	31,548	7,254	7,862	65,606
Professional Fees	42,525	24,182	15,593	12,242	94,542
Equipment Rental	3,229	489	535		4,253
Utilities and Telephone	28,114	33,279	6,533	3,935	71,861
Rent	V.	18,040	4,510	2,110	24,660
Supplies	49,920	•	-	1,604	51,524
Insurance	35,958	24,503	9,756	13,539	83,756
Repair and Maintenance	14,906	1,453	577	543	17,479
Auto	2,336	2,385	1,370	985	7,076
Office Supplies	5,921	4,527	5,555	4,369	20,372
Travel	4,053	223	.ex	8,157	12,433
Printing and Literature	1,254	127	-	180	1,434
Dues and Subscriptions	440	•	-	5,740	6,180
Postage and Shipping	312	1,677	262	1,356	3,607
Miscellaneous	8,045	680	841	3,346	12,914
Depreciation	21,177	9,406	289	601	31,471
Interest	5,972	24	24	1,401	7,421
Advertising and Promotion	212	-			212
Total Expenditures	\$ 478,540	\$ 541,398	\$ 144,370	\$ 168,626	\$ 1,332,934

# Statement of Cash Flows

# For the Year Ended June 30, 2014

# CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 57,359
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	31,471
Changes in assets and liabilities:	
Increase in grants and contracts receivable	(20,053)
Decrease in accounts and accrued expenses	(9,314)
Increase in deferred revenue	25,000
Decrease in compensated absences	(3,772)
Net cash provided by operating activities	 80,691
CASH FLOWS USED BY INVESTING ACTIVITIES:	
Purchase of fixed assets	 (38,871)
Net cash provided by investing activities	(38,871)
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES:	
Proceeds from borrowings	495,800
Principal payments on debt	 (544,758)
Net cash used by financing activities	(48,958)
Net increase in cash	(7,138)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	31,475
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 24,337
Supplemental disclosures of cash flow information:	
Cash paid during the year for interest expense	\$ 7,449

#### Notes to Financial Statements

#### June 30, 2014

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

#### A. General:

Louisiana Association on Compulsive Gambling is a nonprofit organization exempt for Federal income tax purposes under Section 501(C)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

#### B. Nature of Activities:

The purpose of the Association is to continue heightening public awareness that compulsive gambling is a preventable and treatable disease, through a combined strategy of educational, public policy changes and the efforts of individuals, families and all elements of the community working in concert.

## C. Basis of Accounting:

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification, the single source of authoritative accounting principles generally accepted in the United States of America. (US GAAP) Under the Codification, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net asset, temporarily restricted net assets, and permanently restricted net assets.

## D. Support and Revenue:

The Association receives its program service fees primarily from the State of Louisiana Department of Health and Hospitals and other State Agencies. Support and revenue received from those grants and contracts is recognized on a "net funded" basis whereby State of Louisiana Department of Health and Hospitals, Office for Addictive Disorders funding is recognized on a last-dollar-in basis. Related expenses incurred are "netted" first by client fees and food stamp income in determining grant funds to be recognized.

#### E. Cash and Cash Equivalents:

For purposes of cash flows, the organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

#### F. Property and Equipment:

Purchased property and equipment are stated at cost. Donated property and equipment are stated at their fair market value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from twenty five years for leasehold improvements and five to seven years for furniture and equipment.

(Continued)

#### Notes to Financial Statements

#### June 30, 2014

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

## G. Contributions and Memberships:

All contributions received are considered available for unrestricted use unless the donor specifies a restriction. Amounts received that are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net asset are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Memberships are essentially honorary, as no goods or services are provided to the members in exchange for their membership dues.

#### H. Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## I. Functional Allocation of Expenses:

The costs of providing the Association's various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

#### Grants and Contracts Receivable:

Grants and contracts receivable at June 30, 2014 are as follows:

Department of Health and Hospitals	\$ 89,878
Other Receivables	20,838
Total	\$110,716

All grants and contracts receivable at June 30, 2014 are fully collectible.

(Continued)

#### Notes to Financial Statements

#### June 30, 2014

## 3. Property and Equipment:

Property and Equipment consists of the following:

Building and Land	\$ 375,000
Leasehold Improvements	209,795
Furniture and Fixtures	118,804
Equipment & Vehicles	202,303
	905,902
Less Accumulated Depreciation	<u>( 443,785</u> )
Property and Equipment - Net	<u>\$ 462,117</u>

## 4. Rental Expense:

The Association leased the facilities that house its treatment center, help line, intensive outpatient program and its administrative offices during the year on a month to month basis. Rent expense paid the the year totaled \$24,600.

## 5. Notes Payable:

Notes payable at June 30, 2014 consisted of the following:

Note payable to Red River Bank, interest at 4%, dated May 23, 2012, due on demand; if no demand is made, the note is due in 96 monthly installments of \$2,159 collateralized by building and land at 635 Stoner Street Less: current maturities

\$136,055 (20,771)

Notes payable - long term

\$115,284

Maturities of long-term debt including interest of \$17,229 are as follows: Year ended June 30; 2015 -\$ 25,907; 2016 -\$ 25,907; 2017 -\$ 25,907; 2018 -\$ 25,907; 2019 - \$25,907; 2020 \$23,749.

#### 6. Line of Credit Payable:

The Association has an unsecured line of credit. For the year ended June 30, 2014, draws totaled \$495,800; payments were \$524,800. The balance at June 20, 2014 was \$21,000. Available credit on the line is credit is \$69,000.

(Continued)

#### Notes to Financial Statements

#### June 30, 2014

## 7. Economic Dependency:

The Association received sixty seven (67) percent of its program service fees from contracts through the State of Louisiana. The contracts are appropriated each year by federal and state governments. If budget cuts are made at the federal and/or state government level, the amount of funds the Association receives could be reduced and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Association will receive in the next fiscal year.

#### 8. Income Tax Status:

The Association, as a non-profit corporation, is exempt from federal taxes under Section 501(C) (3) of the Internal Revenue Code. The Association is also exempt from Louisiana income tax. The Association is in compliance with the filing requirements of the Internal Revenue Service. Returns are subject to examination by the IRS, generally for three years after they are filed. As of June 30, the Association is not aware of any uncertain tax positions that could cause future tax liabilities.

#### 9. Subsequent Events:

Management has evaluated subsequent events through December 12, 2014, the date that the financial statements were available to be issued, and determined that no additional disclosure are necessary.

# Schedule of State Contracts

# For the Year Ended June 30, 2014

		PROGRAM OR			
PROGRAM TITLE	CONTRAC NUMBER	THE THE TAX STREET, THE TAX ST	REVENUE RECOGNIZE	D EXPE	NDITURES
Louisiana Department of Health and Hospitals					
Core Treatment Center	056688	\$ 402,900	\$ 334,681	\$	334,681
Help Line	058657	441,200	434,801		434,801
Intensive Outpatient Treatment	056689	150,000	142,265	i	142,265
Consulting Services	059879	14,000	6,936	į	6,936
Gambling Outpatient	056690	43,560	18,300	<u> </u>	18,300
Total - All State Contracts		\$1,051,660	\$ 936,983	\$	936,983

# Corrective Action Taken on Prior Year Findings

# For the Year Ended June 30, 2014

There were no findings for the year ended June 30, 2013.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors Louisiana Association on Compulsive Gambling Shreveport, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Louisiana Association on Compulsive Gambling, as of and for the year ended June 30, 2014, and related notes to the financial statements, which collectively comprise the Association's basic financial statements, and have issued my report thereon dated December 12, 2014.

#### Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Louisiana Association on Compulsive Gambling's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, I do not express an opinion on the effectiveness of the Association's internal control.

A deficiency in internal control exists when the design or operation a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Association's financial statements will not be prevented, or detected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit, I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Louisiana Association on Compulsive Gambling's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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## Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Association's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Certified Public Accountant

Marcha D. Millican

December 12, 2014

## Schedule of Findings

# For the Year Ended June 30, 2014

# Summary of Audit Results

- 1. The auditor's report expressed an unqualified opinion on the financial statements.
- 2. No significant deficiencies in internal control over financial reporting were disclosed during the audit of the financial statements.
- 3. No instances of noncompliance were disclosed during the audit.

There were no findings for the year ended June 30, 2014.